

CLEVELAND PUBLIC LIBRARY
BUSINESS INFORMATION BUREAU
CORPORATION FILE

SEMI-ANNUAL REPORT

(UNAUDITED)

FOR THE PERIOD ENDED JANUARY 28th

1950



R. H. Macy & Co., Inc.

AND SUBSIDIARIES

R. H. MACY & CO., INC. AND SUBSIDIARIES
(Exclusive of Macy's Bank)

SUMMARY OF OPERATING AND FINANCIAL INFORMATION

	SEMI-ANNUAL PERIODS ENDED		ANNUAL PERIODS ENDED	
	January 28, 1950	January 29, 1949	January 28, 1950	January 29, 1949
Net retail sales	\$179,896,000	\$173,474,000	\$314,540,000	\$316,103,000
Income from retail operations	7,580,000	9,636,000	8,845,000	12,442,000
Other income and deductions.....	637,000	455,000	973,000	1,137,000
Earnings before federal income taxes.....	6,943,000	10,091,000	7,872,000	13,579,000
Federal income taxes	2,638,000	3,833,000	2,991,000	5,255,000
Net earnings	4,305,000	6,258,000	4,881,000	8,324,000
Dividends on preferred stock.....	352,000	352,000	704,000	704,000
Number of times earned.....			6.93	11.82
Earnings applicable to common stock.....	3,953,000	5,906,000	4,177,000	7,620,000
Earnings per share of common stock.....	2.30	3.44	2.43	4.43
Dividends per share:				
Preferred stock	2.12½	2.12½	4.25	4.25
Common stock	1.00	1.50	2.00	2.50
Number of shares outstanding:				
Preferred stock			165,600	165,600
Common stock			1,719,354	1,719,354
Cash and U.S. Government securities includ- ing tax notes			\$ 14,151,000	\$ 30,557,000
Due from customers			27,081,000	25,419,000
Merchandise			30,820,000	20,908,000
Net working capital			38,688,000	49,151,000
Ratio of current assets to current liabilities..			2.2	3.0
Property and equipment, net.....			\$ 56,917,000	\$ 46,744,000
Long-term debt			28,000,000	29,000,000
Investment of stockholders.....			78,898,000	78,160,000

Italics denote deduction.

R. H. MACY & CO., INC. AND SUBSIDIARIES
(Exclusive of Macy's Bank)

STATEMENT OF EARNINGS

(CONSOLIDATED)

	SEMI-ANNUAL		ANNUAL	
	26 Weeks Ended January 28, 1950	26 Weeks Ended January 29, 1949	52 Weeks Ended January 28, 1950	52 Weeks Ended January 29, 1949
NET RETAIL SALES				
(including leased departments)	\$179,895,608	\$173,474,404	\$314,540,323	\$316,102,705
DEDUCT:				
Cost of sales, buying, publicity, selling, occupancy and administrative expenses	\$164,485,140	\$157,177,157	\$290,956,992	\$290,936,860
Taxes except federal income taxes	2,832,446	2,099,406	4,949,731	4,169,789
Rent expense less rent income	1,955,081	1,698,239	3,630,919	3,119,487
Depreciation and amortization	1,746,607	1,139,323	3,175,478	2,232,045
Maintenance and repairs	1,296,540	1,724,353	2,982,249	3,202,381
	\$172,315,814	\$163,838,478	\$305,695,369	\$303,660,562
INCOME FROM RETAIL OPERATIONS	\$ 7,579,794	\$ 9,635,926	\$ 8,844,954	\$ 12,442,143
OTHER INCOME AND Deductions:				
Income from broadcasting, telecasting, and other non-trading sources	\$ 72,390	\$ 586,329	\$ 229,424	\$ 1,212,221
Income from sales of real property (net)	5,758	311,119	105,859	719,535
	\$ 66,632	\$ 897,448	\$ 123,565	\$ 1,931,756
Interest and debt expense	570,219	442,496	1,096,229	795,306
	\$ 636,851	\$ 454,952	\$ 972,664	\$ 1,136,450
EARNINGS BEFORE FEDERAL INCOME TAXES	\$ 6,942,943	\$ 10,090,878	\$ 7,872,290	\$ 13,578,593
FEDERAL INCOME TAXES	2,638,000	3,833,000	2,991,000	5,255,000
NET EARNINGS	\$ 4,304,943	\$ 6,257,878	\$ 4,881,290	\$ 8,323,593

STATEMENT OF FINANCIAL POSITION
(CONSOLIDATED)

ASSETS		January 28, 1950	January 29, 1949
CURRENT ASSETS:			
Cash		\$ 7,473,141	\$ 10,728,853
United States Government obligations, at cost or redemption amount (market value \$1,513,034 and \$11,410,274)		1,513,034	11,405,468
Due from customers:			
Regular accounts, less estimated uncollectible amounts of \$511,000 and \$469,300		14,946,056	14,023,437
Installment accounts, a portion of which is due after one year (Note 1)		12,135,190	11,395,705
Merchandise inventories—at the lower of Lifo cost or market, as determined under the retail inventory method		30,820,084	20,907,947
Supplies and prepaid expenses		2,927,232	2,719,959
Macy's Bank—current account		387,931	701,885
Miscellaneous, less estimated uncollectible amounts of \$152,184 and \$99,558...		2,003,894	2,133,679
TOTAL CURRENT ASSETS		\$ 72,206,562	\$ 74,016,933
OVERPAYMENTS OF FEDERAL TAXES ON INCOME claimed for the six years ended January 1947 as a result of the re-adoption of Lifo (Note 2)		\$ 6,916,000	\$ 6,916,000
OTHER ASSETS—at cost:			
Investment in Macy's Bank (equity in net assets \$972,469 and \$950,997)		\$ 795,000	\$ 795,000
Other investments		331,610	333,998
Due from employees		251,907	313,364
Miscellaneous		585,527	398,065
		\$ 1,964,044	\$ 1,840,427
PROPERTY AND EQUIPMENT, per accompanying statement:			
Land, buildings, leaseholds, fixtures and equipment		\$ 78,261,182	\$ 68,269,307
Less accumulated depreciation and amortization		21,344,533	21,525,709
		\$ 56,916,649	\$ 46,743,598
DEFERRED CHARGES—Unamortized debt expense		\$ 407,027	\$ 422,872
LEASES, COPYRIGHTS, TRADE MARKS, GOODWILL, ETC.—at cost, less accumulated amortization of \$523,790 and \$442,954		\$ 2,167,520	\$ 2,248,356
		\$140,577,802	\$132,188,186

See explanatory notes on page 7.

ANCIAL CONDITION
 DATED)

LIABILITIES

	January 28, 1950	January 29, 1949
CURRENT LIABILITIES:		
Accounts payable	\$ 12,446,163	\$ 11,386,483
Collections on sold instalment accounts, payable to banks.....	2,982,831	1,615,822
Salaries and commissions (including vacations).....	3,849,242	4,035,635
Amounts due Retirement System Trust Funds.....	1,658,278	954,112
Federal taxes on income, less tax notes of \$5,165,240, and \$8,422,780.....	3,189,665	260,173
Other taxes (including taxes collected from customers and employees).....	4,519,160	2,792,097
Customers' deposits and miscellaneous.....	2,697,371	2,645,547
Dividend payable February 1 on cumulative preferred stock.....	175,950	175,950
Notes payable and portion of long-term debt due within one year.....	2,000,000	1,000,000
TOTAL CURRENT LIABILITIES.....	<u>\$ 33,518,660</u>	<u>\$ 24,865,819</u>
 LONG-TERM DEBT:		
Twenty-Five Year 27/8% Sinking Fund Debentures, due November 1, 1972, with amortization commencing in 1952.....	\$ 20,000,000	\$ 20,000,000
Notes payable, maturing \$500,000 semi-annually, balance November 1, 1953...	8,000,000	9,000,000
	<u>\$ 28,000,000</u>	<u>\$ 29,000,000</u>
 RESERVE FOR SELF-INSURANCE.....	<u>\$ 160,826</u>	<u>\$ 162,833</u>
 INVESTMENT OF STOCKHOLDERS, represented by:		
Cumulative preferred stock, par value \$100.00 per share—Authorized, 500,000 shares; issued and outstanding, 165,600 shares of 4 1/4% Series A, callable at \$107.50	\$ 16,560,000	\$ 16,560,000
Common stock without par value, stated value of \$15.00 per share—Authorized, 2,500,000 shares; issued, 1,723,293 shares, less held in treasury, 3,939 shares; leaving outstanding, 1,719,354 shares.....	25,790,310	25,790,310
Additional paid-in capital	10,373,324	10,373,324
Earnings reinvested in the business, per accompanying statement (Note 3)....	26,174,682	25,435,900
TOTAL INVESTMENT OF STOCKHOLDERS.....	<u>\$ 78,898,316</u>	<u>\$ 78,159,534</u>
	<u>\$140,577,802</u>	<u>\$132,188,186</u>

R. H. MACY & CO., INC. AND SUBSIDIARIES
(Exclusive of Macy's Bank)

EARNINGS REINVESTED IN THE BUSINESS
(CONSOLIDATED)

Year (52 Weeks) Ended January 28, 1950

Balance, January 29, 1949.....		\$25,435,900
Net earnings for the 52 weeks ended January 28, 1950 per accompanying statement		4,881,290
		<u>\$30,317,190</u>
Cash dividends declared on:		
Cumulative Preferred Stock, 4 $\frac{1}{4}$ % Series A:		
No. 19 \$1.06 $\frac{1}{4}$ per share paid May 2, 1949.....	\$ 175,950	
No. 20 \$1.06 $\frac{1}{4}$ per share paid August 1, 1949.....	175,950	
No. 21 \$1.06 $\frac{1}{4}$ per share paid November 1, 1949.....	175,950	
No. 22 \$1.06 $\frac{1}{4}$ per share payable February 1, 1950.....	175,950	
	<u> </u>	\$ 703,800
Common Stock:		
No. 95 \$.50 per share paid April 1, 1949.....	\$ 859,677	
No. 96 \$.50 per share paid July 1, 1949.....	859,677	
No. 97 \$.50 per share paid October 1, 1949.....	859,677	
No. 98 \$.50 per share paid January 3, 1950.....	859,677	
	<u> </u>	3,438,708
		<u>4,142,508</u>
Balance, January 28, 1950 (Note 3)		<u>\$26,174,682</u>

See explanatory notes on page 7.

CONSOLIDATED PROPERTY AND EQUIPMENT

	January 28, 1950		January 29, 1949	
	Cost	Accumulated depreciation and amortization	Cost	Accumulated depreciation and amortization
Land	\$ 4,528,303	\$ —	\$ 4,581,268	\$ —
Buildings and improvements on owned properties.	12,300,406	5,674,852	11,250,053	5,699,885
Leaseholds and buildings and improvements on leased properties	34,922,054	10,927,163	22,925,550	12,010,735
Fixtures and equipment.....	25,105,891	4,742,518	13,932,696	3,815,089
Construction in progress.....	1,404,528	—	15,579,740	—
	<u>\$78,261,182</u>	<u>\$21,344,533</u>	<u>\$68,269,307</u>	<u>\$21,525,709</u>

NOTES TO FINANCIAL STATEMENTS

(1) The status of instalment accounts is as follows:

	January 28, 1950	January 29, 1949
Accounts sold to banks.....	\$12,934,847	\$ 8,748,915
Corporation's equity therein.....	\$ 1,299,096	\$ 881,370
Accounts not sold.....	12,853,094	12,149,835
	\$14,152,190	\$13,031,205
Less estimated uncollectible amounts.....	2,017,000	1,635,500
Net	\$12,135,190	\$11,395,705

- (2) The Treasury Department has as yet taken no action with respect to the claims for refund and, without favorable action on the part of the Treasury Department or the enactment by the Congress of remedial legislation, the claimed overpayments of \$6,916,000 will be recovered only if the Corporation is successful in establishing in the courts the right to the retroactive use of the Lifo method for tax purposes.
- (3) Of the earnings reinvested in the business, \$12,552,817 may not be distributed to holders of the common stock under the terms of the indenture relating to the Twenty-Five Year 27/8% Sinking Fund Debentures.
- (4) Contingent liability—The Corporation has guaranteed Macy's Bank against decline in prices of securities held by the Bank.

